

**DISCUSSION OF
U.S. PATENT APPLICATION
NO. 09/839,245**

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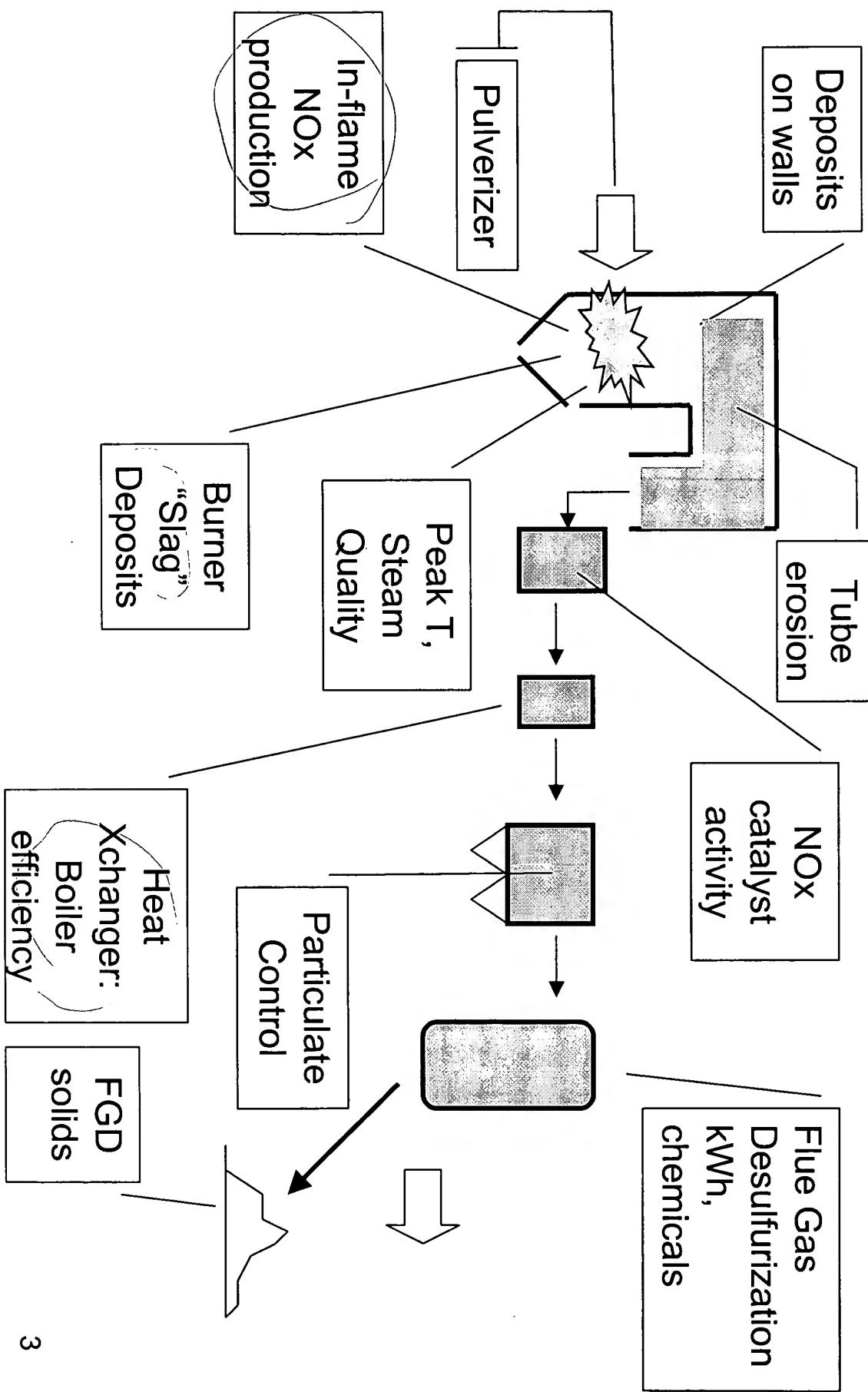
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FOUR RELEVANT CONCEPTS/FACTS

1. Overview Of Coal-fired Power Generation System
2. Process Performance Model
3. Least Cost Coal Not Always Provides Least Cost Power Production
4. Risk Factors And Uncertainty

1. Coal-Fired Generating Plant: Key Factors Affected by Coal Quality



2. Process Performance Model

- Engineering Model Of Physics, Chemistry Of Process (Exhibit A)
 - Fluid mechanics
 - Heat transfer
 - Chemistry/chemical kinetics
- Predict Performance, Operating Characteristics
 - Boiler design as important as coal composition
 - specifying coal composition not adequate to define performance

2. Examples of Process Model Output

Output: Performance, Operations

- Heat flux through furnace (efficiency)
- inorganic deposits on boiler (derate, availability)
- Auxiliary power: fans, pulverizers

Environmental

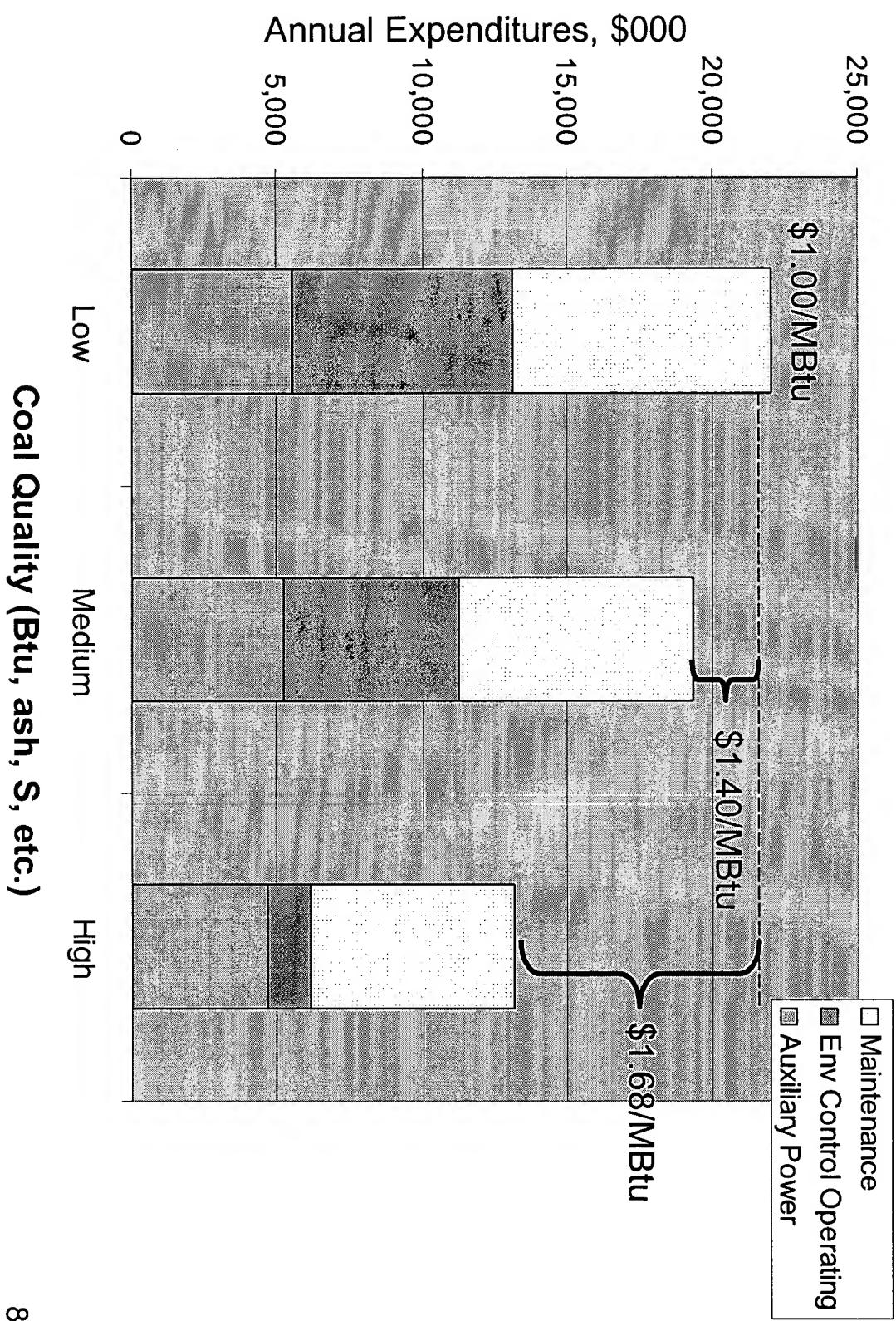
- NOx “catalytic converter”: deactivation, NOx removal
- Flue gas desulfurization: SO₂ removal, byproduct
- Particulate control efficiency (ash electrical properties)
- Hg fate

- Major Symposia on Topic Since 1985
 - Proceedings: Reducing Electricity Generation Costs by Improving Coal Quality (Exhibit B, “Report Summary”)
 - Proceedings: Effects of Coal Quality on Power Plants: Third/Fourth International Conference (Exhibit C)
- Effects of Coal Quality On Power Plant Performance and Costs (Exhibit D, “Report Summary”)

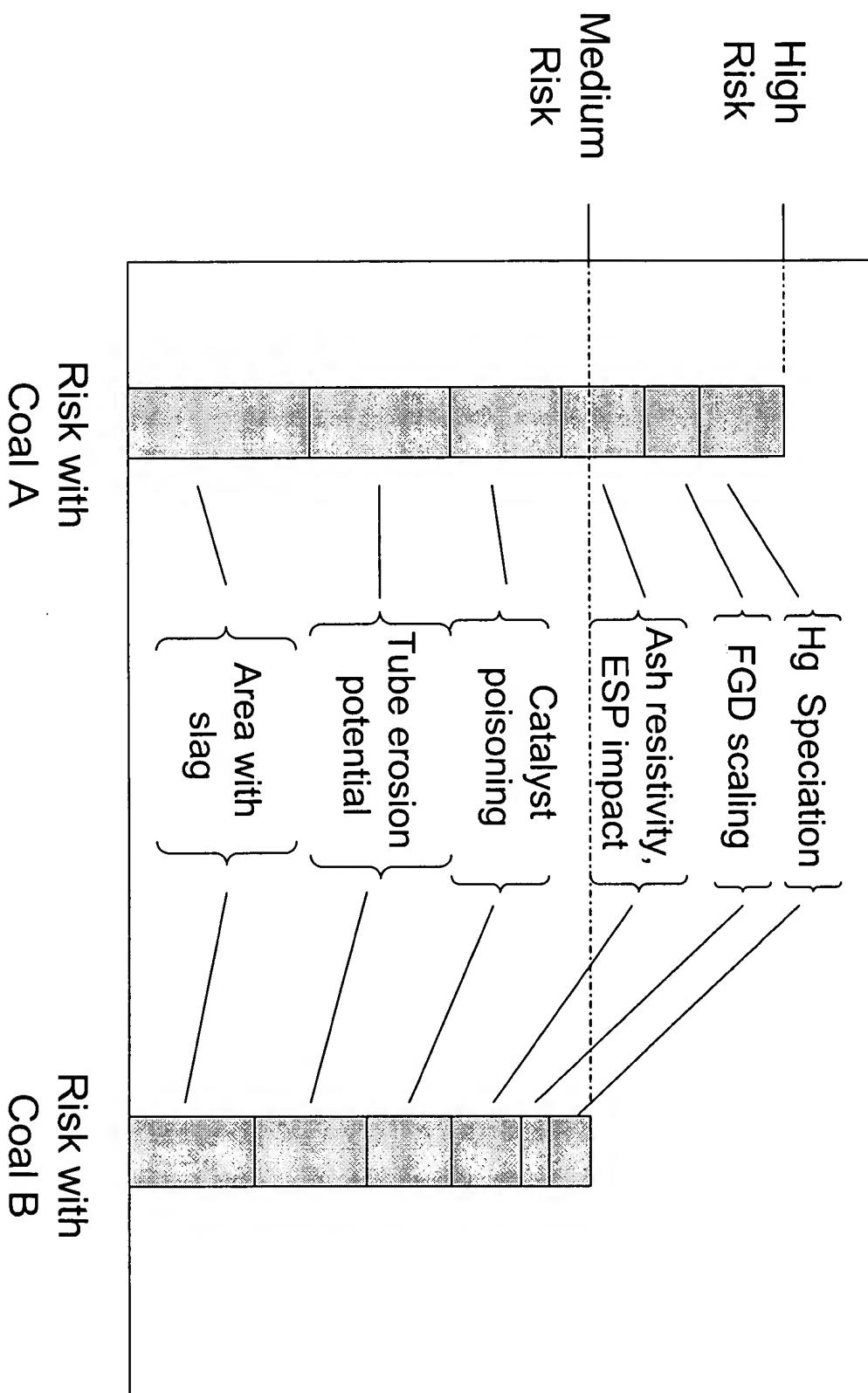
3. Example Benefits Of Improving Coal Quality

- Higher Quality, Higher Cost Coal Lowers Electricity Production Cost (from Exhibit B)
550 MW Plant Non-fuel Expenses
 - auxiliary power (pulverizers, fans, etc)
 - environmental control operation
 - maintenance activities
- “Breakeven” Cost For Higher Quality Coal (\$1/MBtu reference)
 - med quality: \$1.40/MBtu
 - high quality: \$1.68/MBtu

3. Non-Fuel Operating Costs: Least Cost Coal Not Least Production Cost



4. Operating Factors In Risk Assessment As Predicted By Performance Model



We Submit

- Vandivier addresses best way to provide a given coal composition
 - the user must specify coal composition to be provided
 - SO₂ as cited defaults to coal sulfur only
 - not a plant performance model
- Specifying coal composition does not predict generator performance – need process model
- Proposed Concept:
 - Don't need to know preferred coal composition – just what operator wants
 - Evaluates "risk" of each coal to weigh against cost